



DIRECTORATE OF  
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Cambodia: The Communists are taking a tough line with the new leadership in Phnom Penh.

After avoiding direct comment on events in Cambodia for three days, North Vietnam labeled Cambodia's new leaders as a "pro-American ultrarightist group" in an authoritative Nhan Dan statement on 22 March. Arguing that Sihanouk's ouster had been engineered by the US, Nhan Dan stated that "our people fully support" the struggle of the Cambodian people against the US and the new leadership. This statement and a reference to "stepping up the fight" against the US "lackeys" may be meant as a warning to the Lon Nol - Sirik Matak government that the Communists are prepared to fight unless the new leaders are accommodating. The Communists did not specifically state that they would back Sihanouk, however.

The Chinese Communists, for their part, appear to be sticking with Sihanouk, at least for the present. They continue to refer to him as chief of state and they have broadcast Sihanouk's lengthy apologia and attack on the new regime.

Although his specific intentions are still far from clear, Sihanouk's statements in Peking this weekend suggest that, in his present state of mind, he is susceptible to whatever plans the Communists may have to overthrow the new Phnom Penh leadership. Sihanouk has counted himself out as a prominent figure in Cambodia's future, but he also stated that his "duty" was to aid the "struggle...from the inside and from the outside to erase this coup." He has stated, moreover, that Communist China and the Soviet Union have agreed to support him during the period he is in exile. Sihanouk is not likely to play the role of a Communist stooge, however, and his statements may be partially designed to bluff jittery opponents in the Cambodian capital.

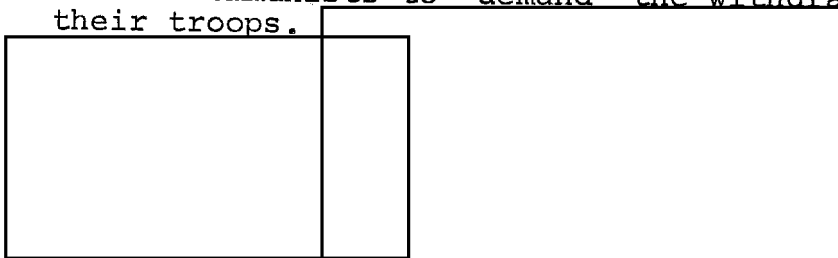
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The government, meanwhile, has called on the Geneva cochairmen to "reconstitute" the International Control Commission to meet the threat of foreign troops on Cambodian soil. It has also called for "official negotiations" with the Vietnamese Communists to "demand" the withdrawal of their troops.

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Islamic Conference: Little of significance is expected from the conference of Islamic foreign ministers opening today in Jidda.

The meeting, set up by the Islamic summit in Rabat last September, is intended to improve cooperation among Muslim states on issues of common concern. Most Muslim countries plan to attend, but among the exceptions will be Iraq and Syria. No formal agenda for the conference has been announced, but the establishment of a permanent Islamic secretariat will be a major subject. Opposition to such a body can be expected from the more "progressive" Arab states like Egypt which fear that their strong influence in the Arab world would be weakened in a larger Islamic context. There will also be some discussion of the general Arab-Israeli problem.

Although the meeting is likely to have few positive results, it will afford an opportunity for some participants to tackle bilateral problems privately. Saudi Arabia and Yemen, for example, could take advantage of the occasion to examine their mutual problems, specifically the civil war in Yemen.

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USSR: The transfer of industrial enterprises to the reformed system of planning and incentives is to be completed before the end of this year, according to the deputy chairman of the State Planning Commission.

The reform, which represents a very limited attempt to increase the autonomy of Soviet enterprises, stresses economic guideposts such as profitability. The deputy chairman's statement, however, emphasizes that market principles will not be allowed to supersede centralized planning and management in Soviet industry.

The transfer of enterprises to the system began in 1966 and originally was to have been completed by the end of 1968. This schedule has not been met. By 1 March 1970, "over 38,000" industrial enterprises, accounting for more than 85 percent of production, had been transferred. The some 11,000 enterprises still on the old system are generally the smaller and less efficient units. Although they account for 15 percent of industrial output, they earn only seven percent of the profit.

The reform provides modified rules to govern the operation of enterprises of consistently low or negative profitability. The Soviets, however, seem to have found the reformed system to be suitable only for the operation of more profitable units. There is still no indication that this difficulty is being resolved. Moreover, even if the new deadline for completing transfers is met, the impact on Soviet industrial output will be slight.



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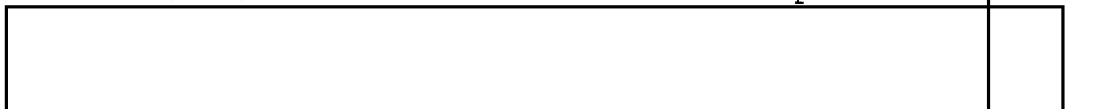
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Singapore: The destruction of a government-sponsored community center on 20 March is the most serious ideologically motivated incident in Singapore in some years, but it does not presage large-scale or sustained violence. The target is one of several centers established to counter Communist influence and to serve as an effective liaison between the government and the public. The seven attackers--none of whom has been reported apprehended--could be from any one of a number of small groups of Maoist-oriented youth in Singapore who advocate "armed struggle." They may have been incited to such action by a clandestine China-based radio, which since mid-November has been broadcasting calls for the overthrow of both the Malaysian and Singaporean governments. The chief result of their attack may be to offer the government new justification for placing further restrictions on leftist and Communist elements.



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NATO: In a recent four-day meeting at NATO headquarters, high-level delegations from all of the Allied countries discussed the current status of the Sino-Soviet dispute and its implications for NATO states. This session of the Atlantic Policy Advisory Group was held under new guidelines designed to improve Alliance consultation procedures on major policy questions. The US NATO Mission reports that the broad consensus achieved on the nature of the Sino-Soviet dispute should be useful if the situation develops into a crisis demanding intensive consultation and harmonization of the Western position.



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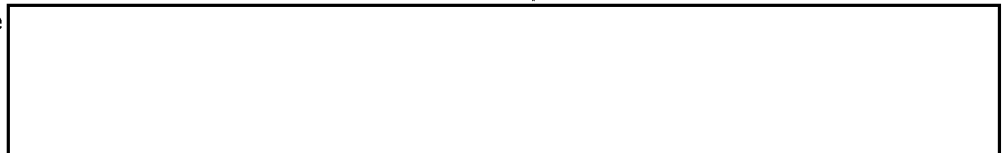


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Fedayeen - Communist China: Fatah leader Yasir Arafat is paying his first visit to Peking in search of weapons and more formal political recognition for the Palestine liberation movement. The Chinese have given him a warm welcome and are likely to offer verbal encouragement and some arms. During Arafat's recent visit to Moscow, he also probably received a promise for some additional aid, but obtained little else



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